

By: Ellis

S.B. No. 755

A BILL TO BE ENTITLED

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AN ACT

relating to certain motor fuel exemptions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Amend Subsection (a), Section 162.104, Tax Code, to read as follows:

(a) The tax imposed by this subchapter does not apply to gasoline:

(1) sold to the United States for its exclusive use, provided that the exemption does not apply with respect to fuel sold or delivered to a person operating under a contract with the United States;

(2) sold to a public school district or Transit Authority created under state law in this state for the district's or Authority's exclusive use;

(3) sold to a commercial transportation company that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the gasoline only to provide those services;

(4) exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that:

(A) for gasoline in a situation described by Subsection (d), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

1 (B) for gasoline in a situation described
2 by Subsection (e), the bill of lading indicates the destination
3 state, the gasoline is subsequently exported, and the exporter is
4 licensed in the destination state to pay that state's tax and has an
5 exporter's license issued under this subchapter;

6 (5) moved by truck or railcar between licensed
7 suppliers or licensed permissive suppliers and in which the
8 gasoline removed from the first terminal comes to rest in the second
9 terminal, provided that the removal from the second terminal rack
10 is subject to the tax imposed by this subchapter;

11 (6) delivered or sold into a storage facility of
12 a licensed aviation fuel dealer from which gasoline will be
13 delivered solely into the fuel supply tanks of aircraft or aircraft
14 servicing equipment, or sold from one licensed aviation fuel dealer
15 to another licensed aviation fuel dealer who will deliver the
16 aviation fuel exclusively into the fuel supply tanks of aircraft or
17 aircraft servicing equipment; or

18 (7) exported to a foreign country if the bill of
19 lading indicates the foreign destination and the fuel is actually
20 exported to the foreign country.

21 SECTION 2. Amend Subsection (a), Section 162.204, Tax Code,
22 to read as follows:

23 "(a) The tax imposed by this subchapter does not
24 apply to:

25 (1) diesel fuel sold to the United States for its
26 exclusive use, provided that the exemption does not apply to diesel
27 fuel sold or delivered to a person operating under a contract with

1 the United States;

2 (2) diesel fuel sold to a public school district
3 or Transit Authority created under state law in this state for the
4 district's or Authority's exclusive use;

5 (3) diesel fuel sold to a commercial
6 transportation company that provides public school transportation
7 services to a school district under Section 34.008, Education Code,
8 and that uses the diesel fuel only to provide those services;

9 (4) diesel fuel exported by either a licensed
10 supplier or a licensed exporter from this state to any other state,
11 provided that:

12 (A) for diesel fuel in a situation described by
13 Subsection (d), the bill of lading indicates the destination state
14 and the supplier collects the destination state tax; or

15 (B) for diesel fuel in a situation described by
16 Subsection (e), the bill of lading indicates the destination state,
17 the diesel fuel is subsequently exported, and the exporter is
18 licensed in the destination state to pay that state's tax and has an
19 exporter's license issued under this subchapter;

20 (5) diesel fuel moved by truck or railcar between
21 licensed suppliers or licensed permissive suppliers and in which
22 the diesel fuel removed from the first terminal comes to rest in the
23 second terminal, provided that the removal from the second terminal
24 rack is subject to the tax imposed by this subchapter;

25 (6) diesel fuel delivered or sold into a storage
26 facility of a licensed aviation fuel dealer from which the diesel
27 fuel will be delivered solely into the fuel supply tanks of aircraft

1 or aircraft servicing equipment, or sold from one licensed aviation
2 fuel dealer to another licensed aviation fuel dealer who will
3 deliver the diesel fuel exclusively into the fuel supply tanks of
4 aircraft or aircraft servicing equipment;

5 (7) diesel fuel exported to a foreign country if
6 the bill of lading indicates the foreign destination and the fuel is
7 actually exported to the foreign country;

8 (8) dyed diesel fuel sold or delivered by a
9 supplier to another supplier and dyed diesel fuel sold or delivered
10 by a supplier or distributor into the bulk storage facility of a
11 dyed diesel fuel bonded user or to a purchaser who provides a signed
12 statement as provided by Section 162.206;

13 (9) the volume of water, fuel ethanol, biodiesel,
14 or mixtures thereof that are blended together with taxable diesel
15 fuel when the finished product sold or used is clearly identified on
16 the retail pump, storage tank, and sales invoice as a combination of
17 diesel fuel and water, fuel ethanol, biodiesel, or mixtures
18 thereof;

19 (10) dyed diesel fuel sold by a supplier or
20 permissive supplier to a distributor, or by a distributor to
21 another distributor;

22 (11) dyed diesel fuel delivered by a license
23 holder into the fuel supply tanks of railway engines, motorboats,
24 or refrigeration units or other stationary equipment powered by a
25 separate motor from a separate fuel supply tank;

26 (12) dyed kerosene when delivered by a supplier,
27 distributor, or importer into a storage facility at a retail

1 business from which all deliveries are exclusively for heating,
2 cooking, lighting, or similar nonhighway use; or

3 (13) diesel fuel used by a person, other than a
4 political subdivision, who owns, controls, operates, or manages a
5 commercial motor vehicle as defined by Section 548.001,
6 Transportation Code, if the fuel:

7 (A) is delivered exclusively into the fuel
8 supply tank of the commercial motor vehicle; and

9 (B) is used exclusively to transport
10 passengers for compensation or hire between points in this state on
11 a fixed route or schedule.

12 SECTION 3. This Act takes effect September 1, 2007.